California Community Reinvestment Corporation

CCRC 2020 Loan Portfolio Analysis

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Contents

Introduction - 2 -
Loan Sale - 2 -
COVID-19 Impacts - 3 -
Portfolio Impacts - 3 -
Forbearance Program - 3 -
1. Characteristics of CCRC's Loan Portfolio - 4 -
1.1. Descriptive Statistics - 4 -
1.2. Geographic Distribution - 9 -
1.3. Portfolio Funding - 10 -
2. Portfolio Risk Factors - 11 -
2.1. Risk Metrics - 11 -
2.2. Geographic Stratification - 15 -
2.3. Loan Concentrations - 15 -
2.4. Risk Ratings - 17 -
3. Loan Loss Reserve Adequacy - 18 -
3.1. Historical Performance - 18 -
3.2. Loan Loss Reserve Calculations - 19 -
3.3. Allowance for Loan Losses Recommendation - 20 -
RECOMMENDATION - 21 -
Exhibit I: CCRC Exposure by County (commitments and funded loans) - 22 -
Exhibit II: CCRC Loan Portfolio History - 23 -
Exhibit III: Worst Case Loss Expectations for Criticized and Classified Loans - 26 -

Table 1: CCRC Portfolio of Funded Loans - 5 -
Table 2: Loans Funded During FYs 2015-2019 - 5 -
Table 3: Book of Forward Commitments - 6 -
Table 4: Construction Lenders - 7 -
Table 5: New Loan Approvals - 7 -
Table 6: Risk Metrics: Pre-Sale and Post-Sale - 12 -
Table 7: DSCR-LTV Matrix (9/30/2020) - 14 -
Table 8: Geographic Analysis - 15 -
Table 9: CCRC Exposure to Sponsors - 16 -
Table 10: CCRC Exposure to LIHTC Investors - 16 -
Table 13: Allowance for Loan Losses Calculation - 19 -

Figure 1: CCRC Portfolio by Loan Size (funded and forward commitments combined) - 8 -
Figure 2: CCRC Portfolio by Project Size (funded and forward commitments combined) - 8 -
Figure 3: Geographic Exposure by Region (funded and forward commitments combined) - 9 -
Figure 4: CCRC Portfolio Funding Sources - 10 -
Figure 5: DSCR-LTV Scatterplot (9/30/2020) - 14 -
Figure 6: Problem Loans as a Percent of Funded Portfolio - 17 -

Introduction

The CCRC 2020 Loan Portfolio Analysis describes CCRC's owned portfolio of mortgage loans and forward commitments, analyzes its credit quality and estimates an appropriate allowance for loan losses for FYE 2020. Loans and forward commitments addressed in this report are as follows:

1. Loans funded by CCRC;
2. Loans funded by CCRC's bank credit line;
3. Loans funded by CCRC's Bank of America ("B of A") credit line;
4. Loans funded with participations from the pension plan of the United Methodist Church ("UMC" or "PSP"); and
5. Forward loan commitments that CCRC intends to fund from any of the above four funding sources.

This report does not cover CCRC's serviced portfolio of tax exempt bonds that are owned by a consortium of banks (a separate report covers this portfolio), loans originated for the Cornerstone/Barings Fund (these commitments and bonds are wholly owned by an entity unaffiliated with CCRC), loans and bonds that CCRC only services for investors, and a single commercial mortgage held by CCRC to secure a loan on an office property. (See the footnote below for a reconciliation between the total loan amounts reported in this report and the amount reported on CCRC's audit as "Gross loans receivable"). [1]

Unless otherwise noted, loan balances and commitment amounts are as of September 30, 2020.

Loan Sale

On November 24, 2020, CCRC completed a $189.5 million Freddie Mac Series-Q securitization, selling 76 bank- and CCRC-funded loans on 66 properties. Under the securitization structure, Freddie Mac insures 100% of principal and associated interest. In addition, CCRC has entered into a Reimbursement Agreement with Freddie that obligates CCRC to reimburse Freddie for any guarantee payments made by Freddie, up to an amount equal to 10% of the principal balance of loans as of the settlement date. CCRC will secure its obligation by posting collateral equal to its 10% reimbursement obligation, or about $19 million. Freddie has agreed to allow CCRC to retain A-class securities issued through this transaction and to pledge them as collateral. CCRC financed its investment in the A-class certificate with net transaction proceeds that remained after paying down the bank pool lines of credit and paying securitization expenses.

For the most part, this 2020 Portfolio Analysis describes our portfolio as of FYE 2020, which was before the loan sale. However, in Table 6 of Section 2 we provide pre- and post-sale portfolio summary statistics.

[1]Reconciliation of Gross Loans Receivable (Audit) vs Total Loans (2020 Portfolio Analysis)	
Total Loans (Portfolio Analysis)	$ 305,425,609
Eden Central Office Loan	568,672
UMC Loan Total	(72,827,310)
CCRC's share of UMC loans	7,275,072
Gross Loans Receivable (Audit)	**$ 240,442,042**

COVID-19 Impacts

The impacts of COVID-19 on CCRC as an organization have been ubiquitous, yet events and consequences have unfolded in unexpected ways.

In March, CCRC shut down its Glendale office and furnished all staff with remote access to our computer server. Due to it being cloud-based, no special action was required with respect to our loan servicing system. The transition from office to working at home was seamless. As hopes of a summertime return to the office faded, staff became increasingly proficient at working from home. Not only did we complete a complex loan sale on schedule, we also achieved a near-record year of originations and loan fundings . . . all from our remote desktops.

Portfolio Impacts

At the portfolio level--with respect to the metrics that we typically review in this annual Portfolio Analysis--the impacts have, thus far, been indiscernible. In part, that is because much of the data that we use to evaluate portfolio performance come from yearend audited financial statements, and the 2019 yearend audits were stronger than ever, revealing no hints of a the looming pandemic. Over the course of each year, we also prepare at least one loan review report on every loan that we service. In addition to audits, loan reviews also incorporate data from interim financial statements and other sources. Here, over the year's course, we began to discern COVID-related impacts in the form of delinquent rents, but the data have neither been alarming nor, as of yet, prompted risk rating downgrades.

Owing to eviction moratoriums (government imposed and self-imposed by our borrowers), occupancy levels remain as high as ever, so tenant delinquencies are probably the best measure of impact. As part of its loan review process, CCRC reviews delinquency reports; however, CCRC's asset management data base does not currently store this information, so at this time there is no way for us to report this out and analyze it. We can say, though, based on an anecdotal survey of our loan reviews (which incorporate commentary from borrowers), that, while delinquencies and bad-debt charge-offs are up, portfolio performance has exceeded our best expectations.

Industry-level reporting provides another point of reference. Reporting provided by John Stewart Company, one of California's premier affordable housing property management firms, indicates that in November, the company collected an average of 91.7% of potential tenant rent at the properties it manages in California. In April 2020, its collection rate was 96.5%, and between May and October, collection rates ranged between 93.2% and 94.7%. The National Multifamily Housing Council's Rent Payment Tracker, which surveys rent collections at market rate properties nationwide, reported a November collection rate of 90.3%, compared to 91.9% in November 2019. Finally, in its October Multifamily Securitization Forbearance Report, Freddie Mac reported that 4.8% (total includes student and senior housing) of its securitized loans were in forbearance (1,215 loans totaling $7.6 billion). The forbearance rate among Q-series deals, the loan sale program used by CCRC for the sale of its conventional loans, was 3.4%.

Forbearance Program

In anticipation of a wave of forbearance requests, CCRC's Board approved a forbearance policy in April 2020. We modeled our policy, and the attendant forbearance agreement, on Freddie Mac's COVID-19 forbearance program, which quickly became a nationwide financial industry standard, a standard that would allow servicers to present multifamily borrowers with a relatively consistent set of forbearance policies irrespective of investor.

As we formulated our forbearance program, we also conducted a portfolio stress test that examined the impact of COVID-related rental income disruptions. The analysis assumed a 15% reduction in gross rents on projects with fewer than 70% HAP units. In March 2020, the bank- and CCRC-funded portfolios held a combined total of 74 loans with an outstanding principal balance of $177.5 million and paying nearly $1.18 million in monthly P&I. Our analysis concluded that with a 15% decline in rent collections, 37 properties would drop below breakeven. We also determined that, overall, project operating reserves were intact and untapped, with balances on average equal to 21 months of debt service. Not surprisingly though, projects with a history of operating shortfalls where the ones most likely to have depleted their operating reserves.

To date, we have received three forbearance requests and approved two. In truth, we did not know what to expect, but we anticipated that we would have to process far more requests than we have encountered to date. Of the two forbearances we approved, one is a bank funded loan, and the other was a bond that we sold to an investor. Both have since exited forbearance, and are currently in their respective repayment periods. Notably, the forbearance requests that we reviewed were presented to us in May and June, and the anticipated surge in requests that many feared would happen after the expiration of enhanced unemployment benefits in August has yet to materialize.

At this point, we can, for the most part, only speculate about why this catastrophic pandemic has not inflicted more harm on CCRC's portfolio. Certainly the CARES act and local rent support programs have been important sources of support. But here are some other explanations as well:

- 2019 was a very strong year for the portfolio. Projects earned substantial surplus cash, providing an operating cushion though 2020.
- 2020 followed 10 years of steady economic growth, which led to increases in AMIs and FMRs throughout most of the state.
- Strong, experienced sponsors and property managers, with excellent financials and a deep commitment to affordable housing. This is probably the most import factor contributing to the stability of our portfolio. Moreover, the roles of ownership and management extend beyond organizational financial resiliency to include extensive tenant support, such as aiding households obtain services and financial support.
- Almost all of our projects have rents that are deeply discounted to market. As such, the projects really don't experience any competition. Or, stated differently: tenants, faced with a scarcity of alternative housing options, have been tenacious in their efforts to hold on to their homes.

1. Characteristics of CCRC's Loan Portfolio

CCRC typically approves a loan before a project starts construction. (In this report, we refer to this approval as a "commitment" or "forward commitment".) CCRC maintains a forward commitment for a stated period of time, normally 24 to 30 months, during which time the developer constructs the property and rents it to full occupancy. When a completed project becomes operationally stable, CCRC funds the loan in accordance with the terms of the forward commitment agreements.

1.1. Descriptive Statistics

Tables 1 through 5 summarize CCRC's loan portfolio, book of forward commitments and loan origination activity over last 5 fiscal years.

Table 1: CCRC Portfolio of Funded Loans

Fiscal Year	Loans[1]	Balance	Average	DUs[2] Financed	$/DU	WAC[3]
2020	134	$305,425,609	$2,279,296	8,089	$37,758	5.88%
2019	122	$261,529,266	$2,143,683	7,337	$35,645	6.02%
2018	109	$213,221,525	$1,956,161	6,658	$32,025	6.25%
2017	176	$339,258,590	$1,927,606	10,598	$32,012	6.29%
2016	162	$307,491,563	$1,898,096	9,755	$31,521	6.42%

[1]Projects with multiple loans are counted as having a single loan with a balance equal to the total balance of the combined tranches. There are 148 funded loans on 134 projects. [2]Dwelling Unit. [3]Weighted Average Coupon.

In 2020, there were four loan payoffs, with a combined liquidation balance of $4.86 million. Three payoffs where prepayments and one was a final payment on a maturing loan.

Table 1 shows that CCRC had an outstanding loan balance of over $305.4 million at FYE 2020, a 17% year-over-year increase in outstanding loans receivable. CCRC held loans on 134 projects, a 10% increase from the 2019 total of 122. The average loan size of $2.28 million and average loan amount per unit of $37,758 are above levels reported over the prior four years. The WAC continues its declining trend of recent years.

Table 2: Loans Funded During FYs 2016-2020

Fiscal Year	Count	Balance	Average	DUs Financed	$/DU	WAC
2020	18	$57,757,941	$3,208,775	999	$57,816	5.40%
2019	16	$61,071,879	$3,816,992	885	$69,008	5.33%
2018	11	$30,594,985	$2,781,362	696	$43,958	5.31%
2017	14	$39,326,778	$2,809,056	844	$46,596	5.29%
2016	22	$46,425,053	$2,110,230	1,294	$35,877	5.70%

Table 2 reviews CCRC funding activity over the past 5 fiscal years (loan balances reflect fiscal year-end balances and, due to amortization, are slightly less than the sum of the original principal balances of loans funded over the course of the indicated year). Historically, these portfolio variables have tended to fluctuate within narrow ranges, but beginning in 2017 we began to see increases in loan amount per unit and average loan amount, increases that became even more pronounced in 2019, with average loan amount climbing 37% and loan amount per unit rising 57% over 2018 levels. In FY 2020, these values declined relative 2019, but they remain well above pre-2017 levels. In FY 2020 WAC increased by 7 basis points. The 2020 funding total of $57.76 million was a bit less than the 2019 funding total (the second highest in CCRC history), but well above historic averages.

Table 3: Book of Forward Commitments

Fiscal Year	Count	Balance	Average	DUs Financed	$/DU	WAC
2020	39	$124,603,109	$3,194,952	2,319	$53,731	4.79%
2019	42	$144,822,121	$3,448,146	2,517	$57,538	5.42%
2018	39	$139,645,380	$3,580,651	2,390	$58,429	5.41%
2017	36	$125,070,988	$3,474,194	2,273	$55,025	5.28%
2016	28	$80,087,654	$2,860,273	1,715	$46,698	5.20%

Table 3 reviews CCRC's book of forward commitments. As noted, CCRC agrees to fund a forward commitment when the borrower satisfies loan conversion requirements. Accordingly, the vast majority of forward commitments become funded loans. In 2020, CCRC's book of forward commitments fell by 14%. Because of the recession-induced decline in interest rates, WAC fell by 63 basis points. CCRC benchmarks loan and bond pricing on the 10-year treasury. Following the sharp drop in treasury rates in March 2020, CCRC set a floor on pricing based on a 10-year treasury rate of 1.3% plus our typical spreads. As of this writing, the floor continues to be in place.

Both average loan size and average loan proceeds per-unit fell slightly in 2020, but are still well above pre-2017 historic averages. Reasons we are seeing increases in average loan size remain consistent with the factors identified in the 2016-2019 Portfolio Analyses, which noted a movement among borrowers to request loans with 35-year amortization periods in lieu of the more traditional 30-year amortizing loan. Since affordable housing loans are rarely LTV-constrained, CCRC and other affordable housing lenders have been able to use the 35-year amortization option to offer larger loans without a reduction in debt coverage. While this trend persists, an interesting counter-trend emerged in 2019: fully amortizing loans with terms of less than 30 years. This trend continued among newly approved loans in 2020. In the Portfolio Risk Factors section of this report, we discuss the likely origins of this trend. Another factor contributing to larger loan amounts may be the increasing prevalence of developments with project-based HAP contracts. If a project does not have a project-based rent subsidy, CCRC underwrites to restricted rents, which equal about 30% of the household AMI levels that the project owner commits to serve. With a long-term HAP contract in place, an owner can meet its AMI commitments while charging higher rents. Our credit policy guidelines let us underwrite to these higher HAP contract rents, allowing projects with HAP contracts to support larger first mortgages. Finally, sharp increases in AMI over the past 5 years in urban coastal areas have increased affordable rent levels, allowing projects to support larger first mortgages. In Section 3 of this report we discuss AMI trends throughout the state.

CCRC's forward commitments will take out construction loans provided by the 6 banks shown in Table 4. This represents a decline in the number of participating construction lenders from 11 banks in FY 2019. While Wells Fargo remains the top construction lender, supplying 49% of all construction credit, its percent share of total construction financing fell three percentage points. Bank of America increased construction lending activity both in absolute and percentage terms, up from $15.9 million (11% share) in 2019, to $28.4 (23% share) in 2020.

Table 4: Construction Lenders

Construction Lender	Loans	CCRC Loan Commitment	% Share
Wells Fargo Bank	20	60,918,962	49%
Bank of America	9	28,441,380	23%
US Bank	6	13,977,956	11%
Capitol One NA	1	9,008,611	7%
JP Morgan Chase	2	8,308,200	7%
MUFG Union Bank	1	3,948,000	3%
Grand Total	**39**	**124,603,109**	**100.00%**

Table 5 shows loans approved over the past 5 years. In 2020, we approved over $59 million in new mortgages, less than 2017 new approval levels, which was a record year for CCRC, but above the preceding 5-year average of $54 million.

Table 5: New Loan Approvals

Date	Loans	Balance	Average	DUs Financed	$/DU	WAC
2020	18	$59,176,144	$3,287,564	1,090	$54,290	4.12%
2019	19	$60,428,896	$3,180,468	1,012	$59,712	5.32%
2018	14	$43,178,392	$3,084,171	813	$53,110	5.61%
2017	21	$79,993,288	$3,809,204	1,322	$60,509	5.37%
2016	15	$43,681,022	$2,912,068	923	$47,325	5.09%

Figures 1 and 2 show the distributions of CCRC's loan portfolio (funded loans and forwards combined) by loan and project size. Between 2017 and 2018, the increase from 2 to 6 in the number of loans with balances of less than $250,000 was the result of 4 older loans amortizing below this threshold in 2018.

Figure 1: CCRC Portfolio by Loan Size (funded and forward commitments combined)

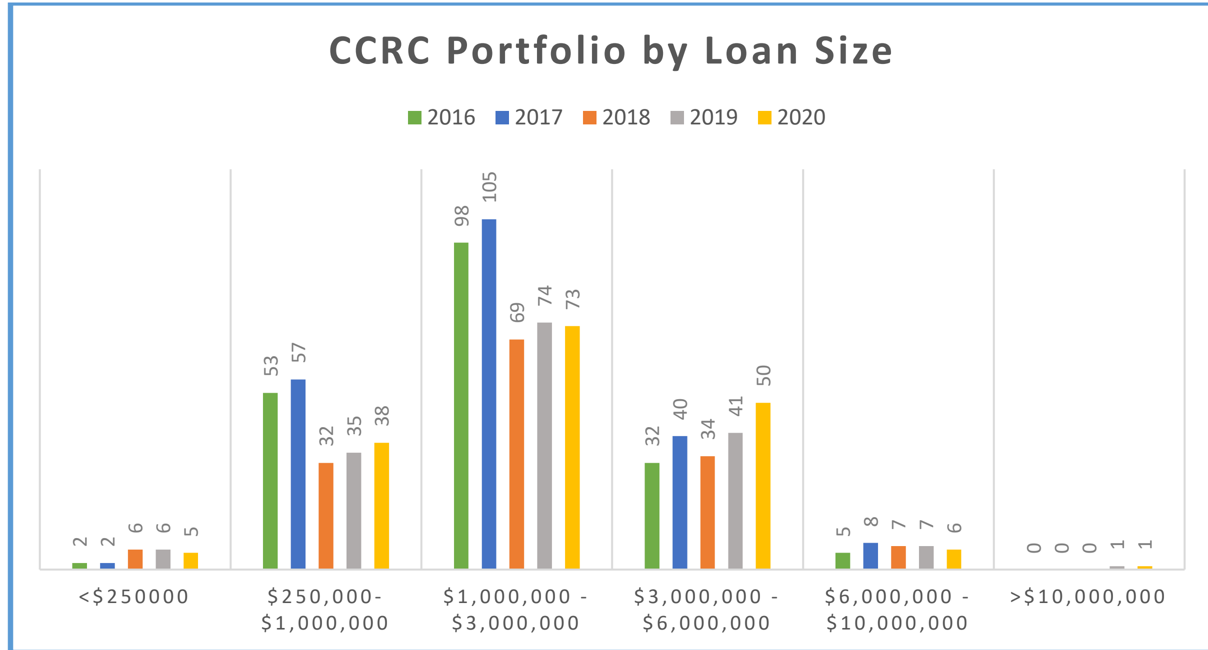
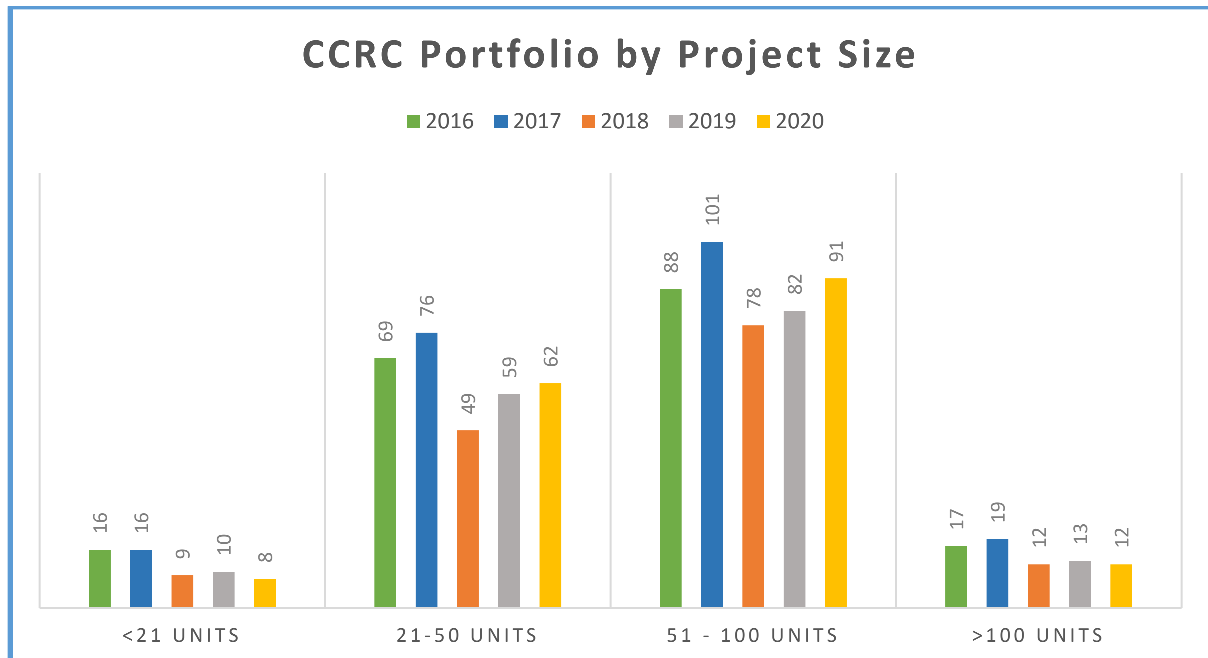


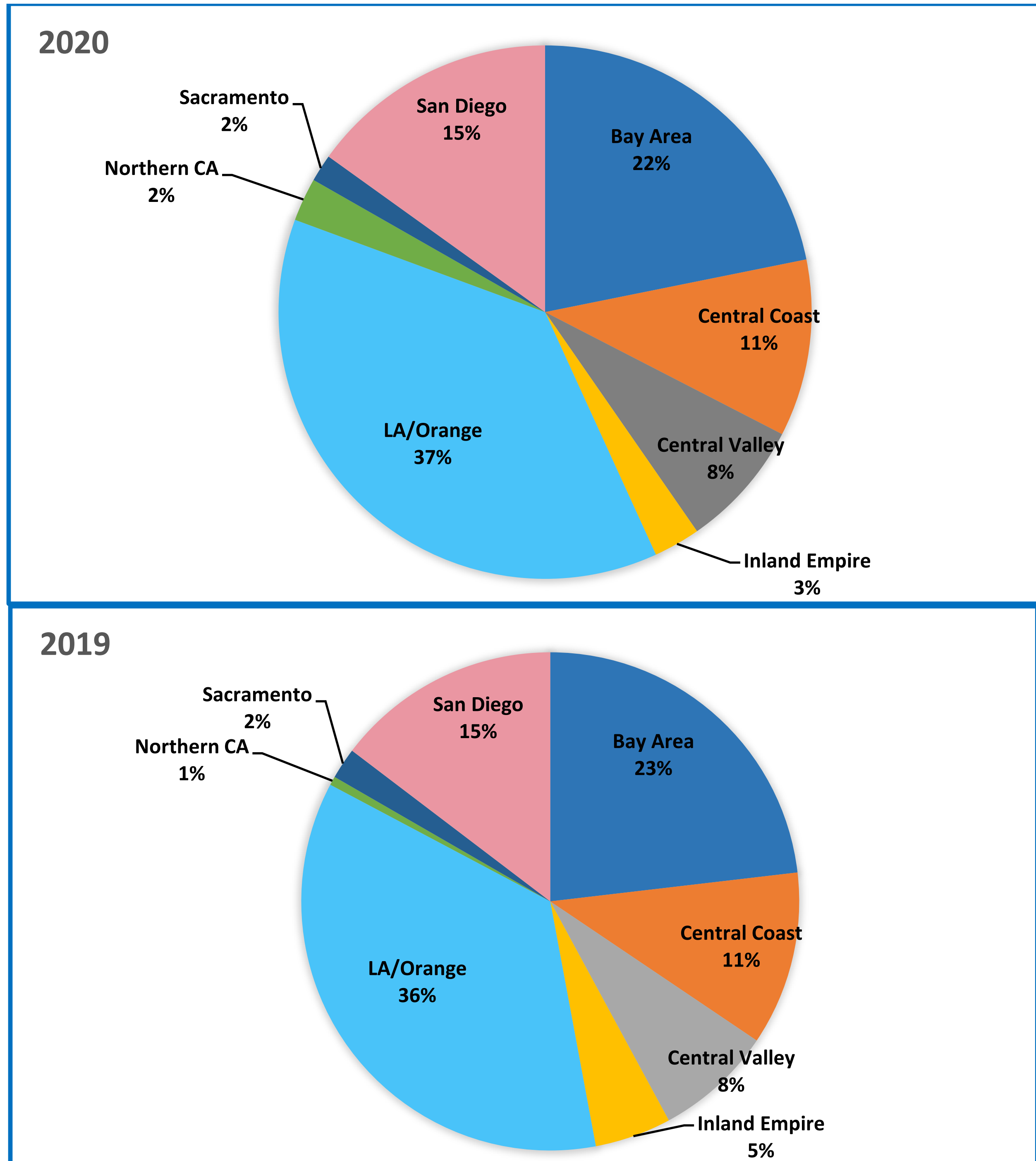
Figure 2: CCRC Portfolio by Project Size (funded and forward commitments combined)



1.2. Geographic Distribution

Figure 3 compares the 2019 and 2020 geographic distributions of CCRC's funded loans and forward commitments. Geographic distribution has remained essentially unchanged and is similar to the distribution preceding the 2017 loan sale.

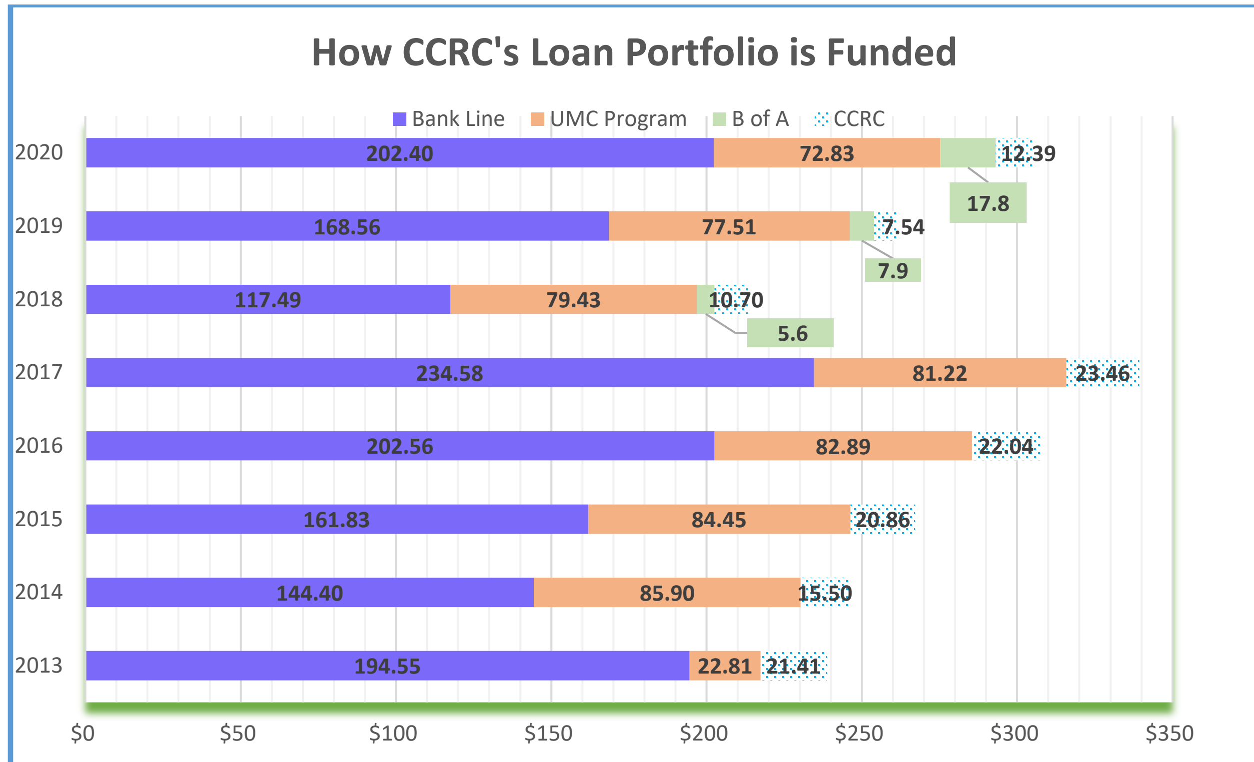
Figure 3: Geographic Exposure by Region (funded and forward commitments combined)



1.3. Portfolio Funding

As shown in Figure 4, CCRC taps four financing sources to fund its loan portfolio: the bank line of credit, UMC, B of A, and CCRC capital. In 2018 we funded our first loan out of the B of A credit facility, a single loan totaling $5.6 million. We funded a second B of A loan in 2019, and two more loans in 2020. As a result of the November 2017 loan sale, loans funded from CCRC's bank line and by CCRC directly dropped in FY 2018. Immediately after the sale, bank-funded and CCRC-funded balances were $101 million and $4.8 million respectively. During the 34 months following the sale, funded balances climbed to the levels shown below. In 2019, CCRC moved several CCRC self-funded loans to the bank line in order to have cash available to purchase the B-certificate, issued as part of CCRC's tax-exempt bond sale that closed in April 2019. Four Bank Line loans paid off in FY 2020, three as a result of prepayments ($4.8 million), with one loan maturing. The UMC portfolio balance declined as a result of loan principal amortization and one loan pay off.

Figure 4: CCRC Portfolio Funding Sources



2. Portfolio Risk Factors

This section of the Portfolio Analysis provides an assessment of portfolio risk factors. As has been the case historically, there were no loan delinquencies in FY 2020 (except for occasional borrower oversights). Accordingly, our analysis does not include a discussion of delinquencies.

2.1. Risk Metrics

Table 6 stratifies common risk metrics by loan funding source—pre-sale and post-sale. With few exceptions, CCRC loan proceeds per unit ($/DU) covers a small fraction of a project's per-unit total development cost. In our experience, LIHTC equity investors and subordinate lenders typically supply 80%-90% of the funding required to develop a project. This is a key reason for the strong performance of CCRC loans. LIHTC investors also serve an important role in making CCRC loans safe investments. LIHTC investors have the financial resources and economic incentives necessary to support struggling projects and have reliably stood behind properties on those rare occasions when general partners fail to provide needed support.

Properties that consistently struggle with low DSCRs and also have high LTV ratios pose the greatest risk of loss to CCRC. They present increased default risk and greater potential of loss to CCRC in a foreclosure. The Pre-Sale table suggests that few properties in the CCRC portfolio are likely to exhibit both symptoms of distress. In aggregate, the portfolio has a healthy weighted average DSCR of 1.36, a strong improvement over the 2019 DSCR of 1.29, and above the 2018 DSCR weighted average DSCR of 1.32 as well. The weighted average LTV ratio of 52%, falls below 2018 and 2019 levels of 58% and 55%. At the fund level, DSCR on bank-funded loans increased from 1.23 to 1.31 and LTV fell from 57% to 54%. For CCRC loans, DSCR increased from 1.31 to 1.47, and LTV fell from 44% to 41%. Occupancy for the portfolio as a whole remained near 98%. As discussed in the 2019 Portfolio Analysis, CCRC reported a DSCR decline between 2018 and 2019 mostly because newly-funded loans accounted for 23% of the portfolio overall and 33% of the bank-funded portfolio. This triggered portfolio-wide drop 2019 DSCRs because the DSCRs of newly-funded loans are based on conversion underwriting projections rather than actual performance.[1]

The Post-Sale table presents a different picture with respect to the Bank and CCRC Funded portfolios, but one that should neither be surprising, given the scale of the loan sale, nor concerning, given the positive balance sheet impact of the loan sale. The $189.5 million sale, the largest in CCRC history, consisted of every loan that we had deemed to align with Freddie Mac underwriting parameters. What remains, are a higher proportion of 7, 8 and watch-list rated loans and loans maturing over the next few years. The bank-funded portfolio is funded by a line of credit to CCRC that is ultimately secured by CCRC's balance sheet. The loan sale allowed CCRC to recognize the full value of its portfolio, substantially improve its balance sheet and secure CCRC on much stronger financial footings that will expand our options for future growth.

[1] Conversion underwriting reflects a combination of actual income and expenses and for certain line-items, such as maintenance and repairs, projections.

Table 6: Risk Metrics: Pre-Sale and Post-Sale

Pre-Sale

Risk Factor	Bank Funded	UMC	CCRC Funded	B of A	Total Funded	Forwards
1. Projects	71	44	15	4	134	39
2. Balance	$202,397,921	$72,827,310	$12,386,750	$17,813,627	$305,425,609	$ 124,603,109
3. $/DU	$47,724	$25,113	$18,969	$60,385	$37,758	$ 53,731
4. Coupon	5.48%	7.12%	5.57%	5.58%	5.88%	4.79%
5. DSCR	1.31	1.49	1.47	1.33	1.36	1.21
6. LTV	54%	50%	41%	45%	52%	56%
7. Occupancy	98%	98%	98%	96%	98%	N/A
8. Maturity	195	135	220	184	181	N/A
9. Age	46	112	37	12	60	N/A
10. Risk Rating	6.10	6.02	6.06	6.00	6.07	N/A
11. Loans >30 Yr Amort(1)	27	1	2	2	32	15
$ >30 Yr Amort	$ 103,768,873	$ 2,423,639	$ 2,983,322	$ 6,719,213	$ 115,895,046	$ 58,094,619
% $ >30 Yr Amort	51%	0%	24%	38%	38%	47%
Loans <30 Yr Amort(1)	18	7	8	2	35	18
$ <30 Yr Amort	33,415,112	5,211,638	6,557,378	6,020,772	51,204,900	48,787,668
% $ <30 Yr Amort	17%	7%	53%	34%	17%	39%
Loans =30 Yr Amort(1)	35	38	6	2	81	8
$ =30 Yr Amort	65,213,936	65,192,033	2,846,051	5,073,642	138,325,663	17,720,822
% $ =30 Yr Amort	32%	90%	23%	28%	45%	14%

Post-Sale

Risk Factor	Bank Funded	UMC	CCRC Funded	B of A	Total Funded	Forwards
1. Projects	17	44	4	4	69	39
2. Balance	$25,988,812	$72,827,310	$1,422,388	$17,813,627	$118,052,138	$ 124,603,109
3. $/DU	$26,519	$25,113	$7,991	$60,385	$27,120	$ 53,731
4. Coupon	6.39%	7.12%	6.21%	5.58%	6.72%	4.79%
5. DSCR	0.96	1.49	1.02	1.33	1.35	1.21
6. LTV	66%	50%	21%	45%	52%	56%
7. Occupancy	96%	98%	99%	96%	98%	N/A
8. Maturity	69	135	160	184	128	N/A
9. Age	164	112	87	12	108	N/A
10. Risk Rating	6.72	6.02	6.55	6.00	6.18	N/A
11. Loans >30 Yr Ar	1	1	0	2	4	15
$ >30 Yr Amort	$ 2,767,990	$ 2,423,639	$ -	$ 6,719,213	$ 11,910,841	$ 58,094,619
% $ >30 Yr Amort	11%	0%	0%	38%	10%	0%
Loans <30 Yr Amor	1	7	1	2	11	18
$ <30 Yr Amort	586,382	5,211,638	215,050	6,020,772	12,033,843	48,787,668
% $ <30 Yr Amort	2%	7%	15%	34%	10%	39%
Loans =30 Yr Amor	15	38	3	2	58	8
$ =30 Yr Amort	22,634,440	65,192,033	1,207,338	5,073,642	94,107,454	17,720,822
% $ =30 Yr Amort	87%	90%	85%	28%	80%	14%

As averages, the indicators presented in Table 6 can conceal variances within the portfolio, masking risks that a more granular view of the portfolio might expose. Figure 5 (an LTV-DSCR scatterplot diagram) and Table 7 (an LTV-DSCR matrix) provide additional insights into the LTV and DSCR characteristics of our loans. Each point on the scatterplot diagram represents a project. In 2020, as in the three years prior, only one project resides in the upper-left quadrant (as marked by the intersecting perpendicular lines)--the quadrant occupied by projects with DCRs below 1.00 and LTVs above 100%. Both the scatterplot and the matrix show that the greatest vulnerabilities in the CCRC portfolio involve low DSCRs. In FY 2020 (based on 2019 audits), 16 properties with combined loan balances of $25.1 million, or 8.22% of the portfolio had DSCRs of less than 1.00, an improvement over 2019, when 17 properties with combined loan balances of $30.5 million (11.6% of the portfolio) had DSCRs of less than 1.00. This analysis underscores a common feature of affordable housing underwriting: debt coverage is the primary constraint on lending, capping loan amounts far below LTV policy limits. Since LIHTC lending is DSCR constrained, the typical LIHTC project lifecycle is often characterized by occasional dips into or below breakeven.

In Table 6, metric number 10 is the weighted average loan risk rating. Loan risk ratings, which CCRC assigns as prescribed in its Loan Policy and Procedures Manual, range from "6" (Pass) to "9" (Doubtful), with watch-rated loans assigned a 6.5. The FY 2020 aggregate risk rating was 6.07 lower (better) than the 2017, 2018 and 2019 ratings of 6.12, 6.16 and 6.10.

Metric number 11 in Table 6 is the number of loans with original amortization periods of more than 30 years, and the percentage of total loan balance represented by these loans. The number of loans in the bank funded category with amortization periods greater than 30 years rose from 10 in 2018 to 19 in 2019 and to 32 in 2020, while their share of total principal balance increased from 31% to 47% between 1018 and 2019, while dropping to 38% in 2020. As measured by commitment amount, the proportion of these loans in the forward book fell from 53% to 40% between 2018 and 2019, but increased to 47% in 2020. CCRC has had a long-standing policy for approving mortgages with 35-year amortizations on an exception basis. The policy states that a 35-year amortization should only be offered to a strong sponsor with an accomplished property manager, a property location in urban/suburban markets with at least a 15% market rent advantage, a cash flow analysis that projects rising DCR and, if warranted, a satisfactory refinance analysis. In the past, CCRC approved loans in accordance with this policy as exceptions to customary credit policy. In September 2016, in response to the increasing demand for 35-year amortizations, CCRC approved an amendment to its Credit Policies and Procedures Manual that incorporates this policy. Accordingly, CCRC will no longer designates 35-year amortizing loans as policy exceptions, as long as they meet the criteria described above.

As noted in Section 1.1, a counter-trend has emerged over the past few years: an increase in the number of loans with amortization periods of *less than 30 years*. Among forward commitments, 15 loans, with a dollar value equal to 39% of all outstanding commitments, had amortization periods of less than 30 years. Only 14% of our forward commits have 30-year amortization terms. There appear to be two chief causes underlying this trend: (1) 15 or 20-year HAP contracts without satisfactory renewal provisions, and (2) permanent supportive housing projects with sub-30-year HAP contracts and/or supportive services agreements.

Finally, as noted in past reports, CCRC seeks to spread risk among funding sources. For several reasons, the data presented in Table 6 do not self-evidently support this claim. One reason is that the UMC portfolio, the second largest funding source after the bank-funded portfolio, is a static portfolio comprised of loans that, as shown in metric number 9, are more

than twice as old as the Bank and CCRC funded portfolios. Another reason is that the CCRC and Bank of America portfolios are comparatively small and supply no basis for making statistically meaningful conclusions.

Figure 5: DSCR-LTV Scatterplot (9/30/2020)

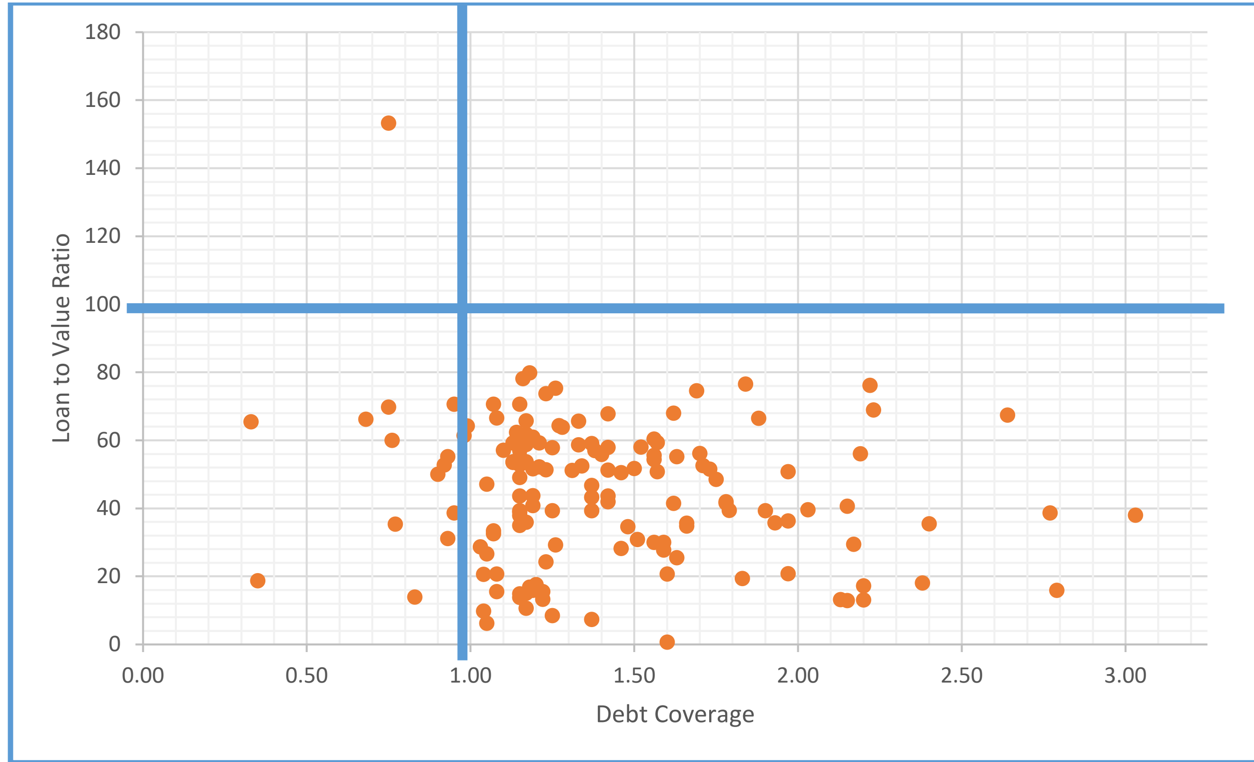


Table 7: DSCR-LTV Matrix (9/30/2020)

	Debt Service Coverage Ratio						
LTV	**Less than 1.0x**	**1.00-1.14**	**1.15--1.29**	**1.30-1.49**	**1.50 to 1.79**	**Greater than 1.79**	**Total**
0%--49.x%	1,957,010	14,087,197	44,450,813	14,458,639	17,189,606	20,314,650	**112,457,914**
50%-59.x%	4,865,340	10,987,128	42,136,555	18,097,448	29,568,299	4,396,160	**110,050,929**
60%-69.x	13,449,448	4,353,149	10,216,486	5,606,973	5,145,860	9,219,725	**47,991,642**
70%-79.x%	2,718,748	2,048,636	20,781,457	-	4,213,814	3,054,825	**32,817,480**
80%-89.x%	-	-	-	-	-	-	**-**
90%-99.x%	-	-	-	-	-	-	**-**
100%-200%	2,107,643	-	-	-	-	-	**2,107,643**
Total	**25,098,189**	**31,476,109**	**117,585,312**	**38,163,059**	**56,117,580**	**36,985,360**	**305,425,609**

2.2. Geographic Stratification

Table 8 summarizes portfolio metrics by region. In some regions, sample sizes are too small to draw definitive conclusions about the characteristics of regional markets. This is particularly true of Sacramento (4 projects) and Northern California (3 projects). Still, a few apparent patterns emerge from the data. For example, in the Bay Area, two properties have risk ratings of 7, and one has a rating of 8. All three are in Oakland, where higher-than-projected operating expenses have caused projects to struggle. Based on recent CCRC loan reviews, sharply higher trash removal costs have made a significant contribution to the increase in operating expenses. Security and maintenance and repair have also contributed to unexpected expense increases. Central Valley and Inland Empire continue to show signs of relative weakness, but risk-rating trends suggest steady, if not modest improvement. In Sacramento, CCRC rates 1 of the 4 loans as a 7.

Table 8: Geographic Analysis

	Bay Area	Central Coast	Central Valley	Inland Empire	LA/Orange	Northern CA	Sacra-mento	San Diego
Count	25	15	16	10	45	3	4	16
Balance	73,032,473	42,214,758	24,443,527	12,163,149	100,019,504	2,281,396	7,144,925	44,125,877
% Total Balance	24%	14%	8%	4%	33%	1%	2%	14%
Units	1,331	601	1,188	791	2,517	159	326	1,176
$/DU	54,870	70,241	20,575	15,377	39,738	14,348	21,917	37,522
DSCR	1.35	1.29	1.29	1.37	1.38	1.47	1.17	1.45
LTV	46%	53%	50%	67%	54%	38%	51%	56%
Occupancy	98%	99%	95%	96%	98%	95%	98%	98%
Age	47	23	102	104	57	122	176	62
% Risk Rated 7 or Worse	7.4%	0.0%	13.3%	17.5%	3.2%	0.0%	19.2%	0.0%

2.3. Loan Concentrations

CCRC monitors its exposure to "sponsors" and LIHTC investors. These concentration levels are less critical for CCRC than they are for the analysis of traditional lending portfolios because nearly all CCRC borrowers are stand-alone, single-asset entities that cannot provide cross-support to other properties. In addition, usually 90% of a LIHTC investor's equity has been funded before CCRC funds its permanent loan, and loans are non-recourse beyond the real estate security.

Table 9 reviews CCRC's exposure to the top 10 sponsors this year and last, as measured by loan balances and commitments. This year's top-ten list includes two new members, the XXXXX and XXXXX, which replaced XXXXX and XXXXX. Between FYs 2019 and 2020, CCRC's total exposure to the top-10 sponsors was unchanged at 43%. CCRC lending policies cap sponsor exposure at $20 million. With Board approval, CCRC allows permits higher caps for select sponsors. When recommending Board approval for a higher cap, CCRC evaluates sponsor capacity by analyzing financial statements of the sponsor and related parties, REO schedules, and internal CCRC loan reviews.

The $20 million cap has been in place since 1989, when the CCRC loan fund totaled $100 million. Today, CCRC has the capacity to extend more than $400 million in credit (bank line, UMC and B of A combined); a fourfold increase that, in combination with increased lending volume and larger loan amounts, will likely increase the number of occasions we seek to raise

the $20 million cap for individual sponsors. CCRC uses loan sales to mitigate sponsor exposure risk. On occasion, this might include limited, one-off, sales (or assignments of forward commitments to other lenders) for the specific purpose of lowering exposer to single sponsor. In addition, even when exposure to an individual sponsor is high, we typically distribute this exposure over large number of small loans. In Table 9, the Number of Projects column illustrates this point; showing, for example, that the $50.8 million in exposure to our top-ranked sponsor consist of loans on 16 projects—an average loan amount of $3.17 million per project.

Finally, we note that the 2020 loan sale has significantly reduced sponsor exposure levels. XXXXX exposure has fallen to $3.5 million, XXXXX to $11.7 million (all in forward commitments) and XXXXX has dropped to about $31 million ($21.1 million in forwards and $9.6 million in B of A funded loans, which were not included in the sale.

Table 9: CCRC Exposure to Sponsors

2020 Rank	Sponsor	2020 Exposure	Number of Projects	% of Total Exposure	2019 Exposure	2019 Rank
1	XXXXXX	50,777,739	16	12%	44,301,321	1
2	XXXXXX	22,594,065	7	5%	24,019,000	2
3	XXXXXX	20,876,382	7	5%	15,443,851	3
4	XXXXXX	12,825,781	4	3%	12,995,872	7
5	XXXXXX	14,982,276	4	3%	15,190,200	4
6	XXXXXX	13,048,409	5	3%	13,093,845	6
7	XXXXXX	12,989,668	5	3%	7,494,678	16
8	XXXXXX	12,645,245	4	3%	12,789,971	8
9	XXXXXX	12,089,890	4	3%	8,823,529	14
10	XXXXXX	11,798,597	2	3%	11,919,680	9
		184,628,051		**43%**	**174,937,323***	**43%***

*2019 total exposure and percentage of total exposure based on 2019 top 10 sponsors.

Table 10 summarizes CCRC's exposure to LIHTC investors, affiliates of which serve as investor limited partners of CCRC borrowers. In FY 2020, the top 5 investors accounted for 69% of CCRC's total LIHTC investor exposure, compared to 60% in 2019. Wells Fargo accounted for 40% of CCRC's LIHTC investor exposure, compared to 33% in 2019.

Table 10: CCRC Exposure to LIHTC Investors

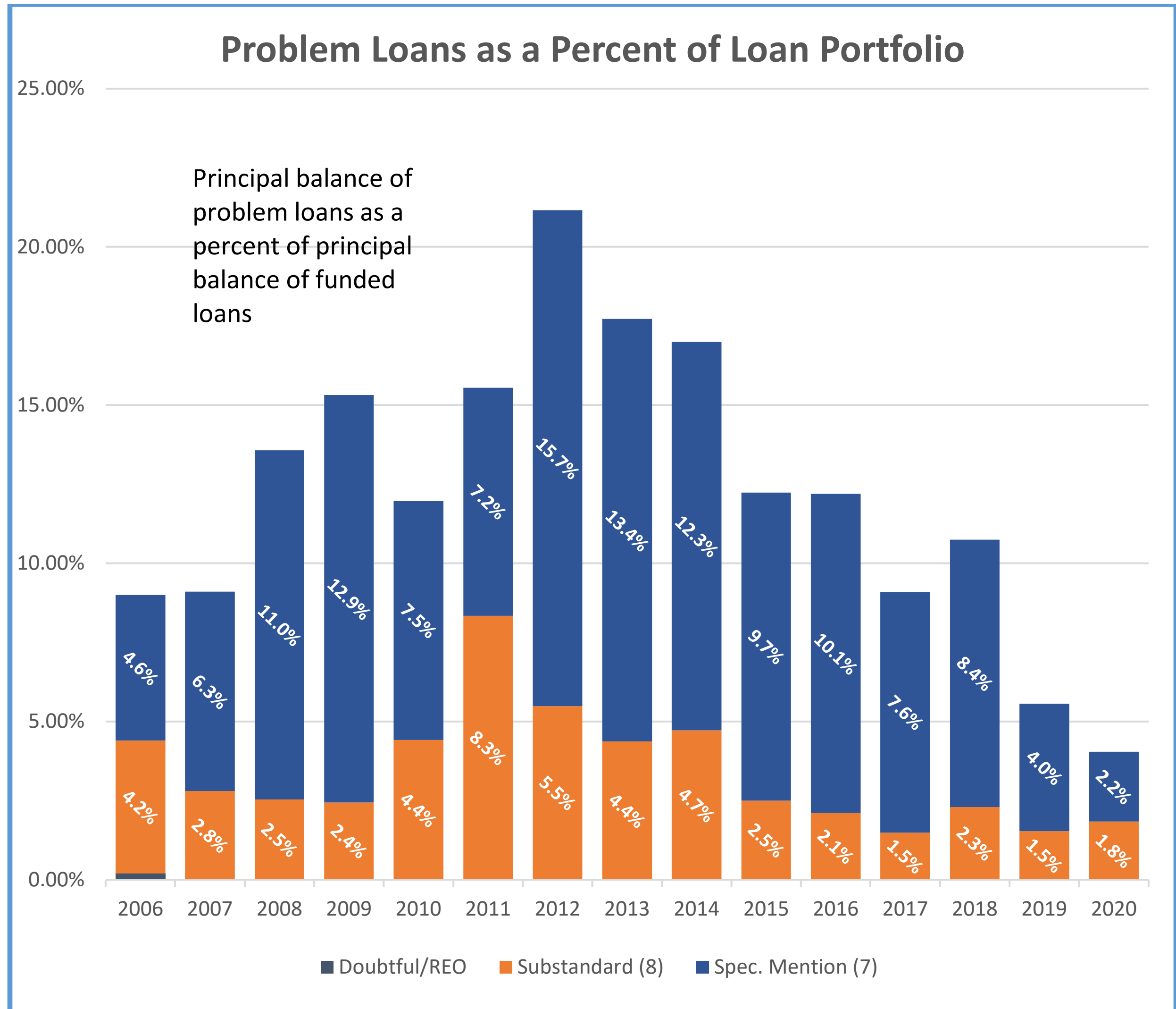
2020 Rank	Tax Credit Investor	2020 Loan Exposure	% of Total Exposure	2019 Loan Exposure	2019 Rank
1	Wells Fargo	174,018,296	40%	134,324,642	1
2	Bank of America	43,408,348	10%	22,866,432	5
3	National Equity Fund	38,763,045	9%	34,625,078	2
4	US Bank	22,213,130	5%	26,839,466	3
5	Hudson Housing Capital	18,964,217	4%	23,597,939	4
	Top 5 Total	**297,367,036**	**69%**	**275,144,199**	**60%***

*2019 total exposure and percentage of total exposure based on 2019 top 5 investors.

2.4. Risk Ratings

Figure 6 reviews changes in the ratio of problem loans (rated 7 and over) to total funded loans. At the end of FY 2020, there were 10 problem loans, compared to 15 in 2018 and 11 in 2019. CCRC rated five loans as 8s and five as 7s. We added one loan to the list, assigning it a rating of "8", while two 7-rated loans prepaid and came off the list. The combined principal balance of problem loans was 3.0% of the principal balance of CCRCs funded portfolio, down from last year's ratio of 5.5%.

Figure 6: Problem Loans as a Percent of Funded Portfolio



3. Loan Loss Reserve Adequacy

Regulators require that banks' methodology for determining their allowance for loan and lease losses (ALLL) contain two major components – an estimate of losses contained in individually impaired loans consistent with Accounting Standards Codification (ASC) Topic 310, and an estimate of losses on groups of loans with similar risk characteristics consistent with ASC Topic 450.[1] Forward Commitments are not included within the ALLL.

At this time CCRC has no loans it considers "impaired" (i.e. loans for which it is probable that CCRC will not collect all amounts due according to the loan terms) so the first component does not apply to CCRC's current ALLL methodology.

The second component starts with an analysis of historical loan loss factors, adjusts them for changed environmental or qualitative factors, and then applies those factors to the current portfolio to produce an estimate of losses inherent in the portfolio.

3.1. Historical Performance

As indicated by Exhibit II, in the line titled "Charge-offs, Real Estate Write Downs, Losses on Loan Sales", there have been only 3 loss events in CCRC's mortgage history, 2 foreclosures and a loan sale at a credit discount. The most recent of these occurred over 16 years ago. Thus, we have limited data with which to analyze the factors that generate higher risks of loan default and lower rates of recovery.

CCRC's mortgage losses since inception total $976,794, which represents just 0.09% (in what follows "CCRC's historical loss rate") of total loan originations during its 30 years.

CCRC's performance history aligns with the LIHTC industry as a whole, whose performance has been documented by several studies. Reznick and Cohn's 2012 survey[2] of over 17,000 LIHTC properties found a cumulative foreclosure rate of just 0.57%, despite also finding relatively low median DSCRs and that on average about 25% of all LIHTC properties operated below breakeven.

CCRC's response to this lack of data has been to continue to use a formula reserve adopted by its founding banks as a first approximation to an estimate of its ALLL. This "formula" is 1% of all pass rated funded loans, 5% of all special mention loans and 15% of all substandard loans. CCRC uses the first component of the ALLL methodology (mentioned above) to determine loss allowance for loans rated "Doubtful" and lower. With respect to the UMC-funded loans only, the ALLL related to those loans is not allowed to exceed CCRC's participation in the UMC pool, pursuant to the terms of the participation agreement which limits CCRC's losses.

Prior to the end of FY 2020, CCRC made a decision to sell $190 million in Bank- and CCRC-Funded pass-rated loans, and On November 24, 2021, CCRC sold these loans through a Freddie Mac securitization. Although CCRC held these at the end of FY2020, our 2020 audit classifies these loan as "loans held for sale", and in accordance ASC guidance (310-10-35-49) we have stated them at fair value and apply no valuation allowance.

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[1] FedLinks "Allowance for Loans and Lease Losses" January 2013

[2] "The Low-Income Housing Tax Credit Program at Year 25: An Expanded Look at its Performance", Cohn Reznick LLP, December 2012

We compare the formula derived reserve calculation with a range of possible ALLLs whose floor is calculated by applying CCRC's historical loss rate to the entire loan portfolio and whose ceiling is calculated by adding the "worst case loss expectations" for CCRC's criticized and classified loans (loans rated 7 or higher) to the ALLL calculated by applying CCRC's historical loss rate to its portfolio of pass rated loans.

The "worst case loss expectation" for a loan assumes that the loan collateral will be liquidated and the proceeds from the liquidation are the only source of repayment. We calculate liquidation value by dividing the average NOI for the past three years[1] by an 8% (coastal) or 9% (inland) capitalization rate, deducting any deferred maintenance indicated on the latest loan review, and multiplying by 90% to account for a quick sale. This "worst case value" is conservative in that it is based on high cap rates and it ignores any remaining tax credits, any sponsor support, and any value increase from converting the property to market. The results of this analysis are shown in Exhibit III.

We assume the formula ALLL to be reasonable if it falls somewhere in the middle of the floor-to-ceiling range. In the last step we adjust it for any environmental or qualitative factors that have changed and would cause inherent portfolio losses to be different from the historical experience. This year we again see no need to make such adjustments as apartment markets remain strong around the state, the economy continues to grow, and there have been no changes to CCRC or the industry that we see as credit negative.

3.2. Loan Loss Reserve Calculations

Table 13 compares the 2020 and 2019 floor and ceiling calculations with the formula reserve. As discussed above, pursuant to ASC topic 310-10-35-49, loans held for sale should be stated at fair value and without valuation allowances. The two middle columns of Table 13, under the heading "Allowance Excluding Loans Held for Sale", present allowance calculations according with this ASC guidance, while the second and third columns from the left, under the heading "Allowance Including Loans Held for Sale", shows what allowances would be had we not designated the loans as "held for sale". Consistent with this ASC guidance, CCRC uses the allowance calculation methodology shown in the highlighted middle columns of Table 13. The 2020 formula allowance is about $1,400,000 less than 2019. As percentage of the loan portfolio, the formula for FY 2020 is 2.20% of the post-sale portfolio.

Table 11: Allowance for Loan Losses Calculation

	$ at 9/30/20	Percent of Loan Portfolio	$ at 9/30/20	Post-Loan sale Portfolio)	$ at 9/30/19	Percent of Loan Portfolio
	Allowance Including Loans Held for Sale		**Allowance Excluding Loans Held for Sale**			
FLOOR	286,533	0.09%	110,750	.06%	259,762	0.10%
CEILING	3,133,490	1.03%	2,957,707	1.58%	5,113,622	1.96%
FORMULA	4,114,901	1.35%	2,213,071	2.20%	3,605,430	1.38%
RECOMMENDED			**2,213,071**	2.20%	3,605,430	1.38%

In all but one of the past year's reports we found that the formula reserve was a reasonable estimate for the allowance for loan and lease losses (ALLL).

[1] CCRC staff determine NOI by reviewing the 3 most recent audits or, if there is not an audit, the most recent financial statements.

3.3. Allowance for Loan Losses Recommendation

The regulatory guidance states that the estimated allowance should "reflect a prudent, conservative, but not excessive" estimate "that falls within an acceptable range of credit losses". It recognizes that the estimate is inevitably imprecise and requires a high degree of judgment.

This year we again recommend that the Loan Committee adopt CCRC's formula reserve as CCRC's estimate for the ALLL. It amounts to 2.20% of the post-sale funded loan portfolio and 40% of all classified loans (rated 8 and above).

RECOMMENDATION

That the September 30, 2020 Allowance for Loans be set at $2,213,071 CCRC's formula provision.

CCRC LOAN COMMITTEE

By: ____

Exhibit I: CCRC Exposure by County (commitments and funded loans)

September 30, 2020

County	2020 CCRC Exposure	2020 % of CCRC Exposure	2019 CCRC Exposure	2019 % of CCRC Exposure
Alameda	35,213,596	8.19%	33,756,097	8.12%
Butte	1,054,863	0.25%	1,087,513	0.26%
Contra Costa	610,191	0.14%	627,341	0.15%
El Dorado	0	0%	827,365	0.20%
Fresno	17,298,823	4.02%	20,371,382	4.90%
Imperial	3,902,514	0.91%	3,933,594	0.95%
Kern	4,076,410	0.95%	1,513,771	0.36%
Kings	974,539	0.23%	992,926	0.24%
Los Angeles	129,722,597	30.17%	125,827,012	30.28%
Madera	489,271	0.11%	505,208	0.12%
Merced	1,769,570	0.41%	1,799,156	0.43%
Monterey	16,541,583	3.85%	16,693,446	4.02%
Orange	31,318,445	7.28%	22,506,500	5.42%
Placer	2,475,242	0.58%	647,162	0.16%
Riverside	4,858,264	1.13%	4,947,791	1.19%
Sacramento	6,272,172	1.46%	6,553,913	1.58%
San Bernardino	7,304,884	1.70%	15,695,117	3.78%
San Diego	60,988,603	14.18%	56,975,754	13.71%
San Francisco	2,658,823	0.62%	2,752,364	0.66%
San Joaquin	1,056,912	0.25%	1,116,087	0.27%
San Luis Obispo	3,916,055	0.91%	3,990,779	0.96%
San Mateo	18,366,044	4.27%	18,538,349	4.46%
Santa Barbara	13,321,461	3.10%	13,723,223	3.30%
Santa Clara	27,555,846	6.41%	34,040,180	8.19%
Sonoma	10,095,464	2.35%	7,104,613	1.71%
Stanislaus	5,560,160	1.29%	3,196,490	0.77%
Tulare	2,236,042	0.52%	2,342,581	0.56%
Ventura	12,375,158	2.88%	12,510,339	3.01%
Yolo	872,754	0.20%	998,332	0.24%
Nevada	6,344,000	1.48%	0	0%
Colusa	798,432	0.19%	0	0%
TOTAL	**430,028,718**	**100.00%**	**415,574,387**	**100.0%**

Exhibit II: CCRC Loan Portfolio History

	CCRC LOAN PORTFOLIO SELECTED STATISTICS										
Years Ending September 30	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**
Gross Loans Receivable	7,491,392	23,957,301	37,439,866	52,353,133	65,675,483	96,170,974	109,498,875	128,153,437	145,247,818	153,117,276	121,131,143
Loans Originated	7,501,250	16,535,047	13,667,629	36,626,344	21,034,796	34,580,350	14,634,369	20,835,393	18,984,435	9,611,339	10,223,837
Cash from Loan Fees	411,737	671,004	379,599	593,710	664,749	803,468	613,511	508,795	303,268	460,212	1,400,594
Increase in Deferred Revenue	130,329	251,060	72,522	(100,193)	251,857	(828)	48,296	(174,667)	(374,399)	142,939	1,264,701
Loan Interest Income	152,766	1,265,908	2,928,047	4,508,267	4,785,820	6,201,690	8,621,892	9,657,944	11,426,930	12,322,426	12,086,650
Gross Yield		8.05%	9.54%	10.04%	8.11%	7.66%	8.38%	8.13%	8.36%	8.26%	8.81%
Allowance for Loan Loss		239,573	374,399	523,531	1,193,065	1,369,517	1,942,268	2,522,827	2,544,754	2,913,060	2,525,225
Provision Expense		239,573	134,826	149,132	669,534	664,288	572,751	624,559	21,927	368,306	(387,835)
Charge Offs, RE Writedowns, Losses on Loan Sales, RE Operations				69,823		511,902	435,274	(135,794)	(259,358)	-	-
Allowance as a % of Loans		1.00%	1.00%	1.00%	1.82%	1.42%	1.77%	1.97%	1.75%	1.90%	2.08%
Provision Exp as a % of Loans Originated		1.45%	0.99%	0.41%	3.18%	1.92%	3.91%	3.00%	0.12%	3.83%	-3.79%
Hypothetical Losses at 50 bps	18,728	78,622	153,493	224,482	295,072	404,616	514,175	594,131	683,503	745,913	685,621
* "Loan Losses" defined as Charge Offs, Real Estate Writedowns, Losses on Loan Sales, and Real Estate (REO) Operations expense											

Exhibit II
CCRC Loan Portfolio History

	CCRC LOAN PORTFOLIO SELECTED STATISTICS										
Years Ending September 30	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Gross Loans Receivable	117,037,502	122,380,677	123,618,574	96,341,236	87,477,174	102,079,598	150,740,036	165,920,508	156,055,161	188,525,489	206,767,098
Loans Originated	19,474,122	46,556,605	17,088,336	29,062,973	45,313,728	29,644,854	50,404,151	53,975,233	66,956,019	35,131,239	48,998,597
Cash from Loan Fees	1,230,692	912,645	1,627,832	2,358,489	1,276,129	241,134	846,412	1,137,839	795,743	1,273,771	1,943,082
Increase in Deferred Revenue	436,468	(431,383)	554,541	1,543,448	59,683	(85,820)	344,278	117,993	(130,566)	634,754	394,752
Loan Interest Income	8,837,656	9,180,613	9,193,155	7,759,131	7,256,808	6,667,105	8,764,705	10,275,234	12,904,008	11,754,672	13,923,571
Gross Yield	7.42%	7.67%	7.47%	7.06%	7.90%	7.03%	6.93%	6.49%	8.02%	6.82%	7.04%
Allowance for Loan Loss	2,836,485	2,980,991	3,019,913	2,331,030	1,639,133	1,943,084	2,482,024	2,978,184	3,462,271	3,614,312	5,058,947
Provision Expense	311,260	144,506	38,922	(709,379)	(691,898)	303,951	538,939	496,160	484,087	152,041	1,444,635
Charge Offs, RE Writedowns, Losses on Loan Sales, RE Operations	-	-	-	354,947	-	-	-	-	-	-	-
Allowance as a % of Loans	2.42%	2.44%	2.44%	2.42%	1.87%	1.90%	1.65%	1.79%	2.22%	1.92%	2.45%
Provision Exp as a % of Loans Originated	1.60%	0.31%	0.23%	-2.44%	-1.53%	1.03%	1.07%	0.92%	0.72%	0.43%	2.95%
Hypothetical Losses at 50 bps	595,422	598,545	614,998	549,900	459,546	473,892	632,049	791,651	804,939	861,452	988,231
* "Loan Losses" defined as Charge Offs, Real Estate Writedowns, Losses on Loan Sales, and Real Estate (REO) Operations expense											

Exhibit II
CCRC Loan Portfolio History

Years Ending September 30	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL	AVERAGE
Gross Loans Receivable	193,960,971	218,841,367	169,138,795	191,770,405	233,505,402	266,767,721	142,323,288	192,349,390	240,442,042		138,912,230
Loans Originated	32,212,379	46,617,639	36,001,272	43,721,671	$46,896,937	$39,483,911	$30,594,985	61,071,879	$57,757,941	1,041,199,260	
Cash from Loan Fees	614,217	1,359,431	1,085,063	1,504,961	1,492,076	1,928,835	1,383,460	2,253,640	4,544,893		
Increase in Deferred Revenue	106,941	(73,762)	(293,466)	307,015	563,167	812,618	115,316	(112,288)	536,060		
Loan Interest Income	12,917,882	13,348,527	13,869,800	10,992,080	13,430,636	14,940,186	8,832,555	9,538,253	11,385,642		
Gross Yield	6.45%	6.47%	7.15%	6.09%	6.32%	5.97%	4.32%	5.70%	5.26%		
Allowance for Loan Loss	5,074,654	5,129,536	5,289,968	4,653,072	5,228,325	5,137,234	3,545,251	3,605,430	2,213,071		
Provision Expense	15,706	54,882	160,433	(643,367)	575,253	(91,091)	(1,591,983)	60,180	(1,392,359)	2,717,938	
Charge Offs, RE Writedowns, Losses on Loan Sales, RE Operations	-	-	-	-						976,794	
Allowance as a % of Loans	2.62%	2.34%	3.13%	2.43%	2.24%	1.93%	2.49%	1.87%	0.92%		
Provision Exp as a % of Loans Originated	0.05%	0.12%	0.45%	-1.47%	1.23%	-0.23%	-5.20%	0.10%	-2.41%		
	Total Provision Expense as a % of Total Originations ===================>									0.26%	
	Total Historical Loan Losses* As a Percentage of Total Originations =====>									0.09%	
	Total Historical Loan Losses* As a Percentage of Average Loans Receivable Originations====>										0.70%
Hypothetical Losses at 50 bps	1,001,820	1,032,006	969,950	902,273	1,063,190	1,250,683	1,022,728	836,682	956,913.33	20,805,225	

Exhibit III: Worst Case Loss Expectations for Criticized and Classified Loans

Loan No	Loan Name	Fund Dt	Principal Balance	Rate	Rating	3-Year Average NOI	Cap Rate	Capitalized Value	Deferred Maintenance	Estimated Value	LTV	Liquidation Value: Quick Sale Adjustment 10% Discount	Worst Case Loss
XXXXX	XXXXX	05/31/1994	354,133	4.820	7	109,402	8%	1,367,521		1,367,521	26%	1,230,769	-
XXXXX	XXXXX	09/25/1995	300,127	5.010	8	57,633	8%	720,413		720,413	42%	648,371	-
XXXXX	XXXXX	03/25/2004	321,185	7.400	7	61,010	9%	677,889		677,889	47%	610,100	-
XXXXX	XXXXX	06/01/2004	1,400,059	6.620	8	81,444	9%	904,930		904,930	155%	814,437	585,623
XXXXX	XXXXX	11/04/2004	586,382	6.500	7	102,303	9%	1,136,696	6,000	1,130,696	52%	1,017,627	-
XXXXX	XXXXX	12/22/2004	228,450	6.870	8	-624	8%	(7,794)	24,500	(32,294)	-707%	(29,064)	257,514
XXXXX	XXXXX	11/23/2005	1,852,842	7.000	7	156,439	9%	1,738,211		1,738,211	107%	1,564,390	288,452
XXXXX	XXXXX	06/07/2007	2,107,643	6.850	8	142,733	9%	1,585,926	5,000	1,580,926	133%	1,422,833	684,810
XXXXX	XXXXX	08/11/2009	1,572,704	6.750	8	130,738	8%	1,634,229	1,000	1,633,229	96%	1,469,906	102,797
XXXXX	XXXXX	12/21/2009	3,627,971	5.000	7	238,989	8%	2,987,358		2,987,358	121%	2,688,623	939,348
			12,351,496										2,858,545